

Message Text

CONFIDENTIAL

PAGE 01 KINGST 01836 282008Z

62

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

----- 063103

O 281910Z MAY 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 4812

C O N F I D E N T I A L KINGSTON 1836

EXDIS

E.O. 11652: GDS

TAGS: EMIN, EFIN

SUBJECT: BAUXITE SITREP #64: BAUXITE LEGISLATION

REF: STATE 108377

1. CHARGE ACCOMPANIED BY ECONOFF CALLED ON FINANCE MINISTER COORE THIS MORNING MAY 28 TO KEEP APPOINTMENT MADE EARLY LAST WEEK TO OBTAIN ADDITIONAL INFORMATION ON BAUXITE LEGISLATION. COORE MADE THE FOLLOWING POINTS.

2. PRODUCTION LEVY COORE STATED THAT THE LEGISLATION ONLY SPECIFIED 7.5 PERCENT SINCE CLAUSE 5 OF THE BILL PERMITTED AMENDMENTS. THE CLAUSE WAS DRAFTED IN THIS FASHION TO GIVE THE GOJ MAXIMUM FLEXIBILITY, AND THEORETICALLY IT WOULD BE POSSIBLE TO ADJUST THE PERCENTAGES ANY WAY NECESSARY TO MEET CHANGING CIRCUMSTANCES. HOWEVER, AT THIS TIME IT WAS THE GOJ INTENTION TO ADHERE TO THE RATES OF 8 PERCENT AND 8.5 PERCENT SPECIFIED BY THE PM IN HIS SPEECH

3. INCOME TAX WHAT WOULD HAPPEN IN FACT WAS THAT THE PRODUCTION LEVY AND ROYALTY WOULD "ABSORB" THE INCOME TAX I.E. COORE "ASSUMED THE COMPANIES WOULD TREAT THEM AS COSTS." THE INTENT OF THE LEGISLATION WAS THAT THE GOJ'S REVENUES WOULD BE DERIVED FROM THE PRODUCTION LEVY AND ROYALTY AND NOT FROM AN INCOME TAX. ANY RESULTING TAX CREDIT PROBLEM WAS A MATTER BETWEEN THE

CONFIDENTIAL

PAGE 02 KINGST 01836 282008Z

COMPANIES AND THE IRS, AND THE GOJ WAS NOT INVOLVED.

4. ROYALTY. THE ROYALTY HIKE ONLY REQUIRED AN AMENDMENT TO THE ALREADY EXISTING MINING LAW AND REGULATIONS AND THIS AMENDMENT HAD ALREADY BEEN TABLED. IT WAS NOT NECESSARY TO DRAFT ANY NEW LEGISLATION

5. MINIMUM TONNAGE. THE 14 MILLION TONNAGE FIGURE HAD BEEN BASED ON THE WRITTEN ESTIMATES MADE BY THE COMPANIES. COORE SAID THE FIGURE HAD BEEN INSERTED IN THE LEGISLATION AS A "SAFEGUARD" AND "PROTECTIVE DEVICE". THIS FIGURE COULD BE ADJUSTED UNDER CLAUSE 6 OF THE LEGISLATION EVEN THROUGH THE LANGUAGE REFERRED MAINLY TO THE LEVY. THE SAME CLAUSE WOULD BE USED IN CASE A STRIKE, NATURAL DISASTER, OR OTHER SITUATION ETC. REQUIRED A CHANGE IN THE TONNAGE OR LEVY

6. REVENUES. COORE SAID HE DID NOT KNOW THE EXACT FIGURES, BUT THE REVENUE ESTIMATES DEPENDED ON THE AVERAGE REALIZED PRICE AND IT WAS THE GOJ'S ASSUMPTION THE PRICE WOULD NOT GO BELOW 32 CENTS

7. COMMENT. COORE WAS EXTREMELY AFFABLE AND WILLING TO DISCUSS THE LEGISLATION. IT WAS ALSO CLEARLY EVIDENT THAT THE BILL HAD BEEN DRAFTED TO GIVE THE GOJ MAXIMUM FLEXIBILITY WHICH WOULD BE UTILIZED AS CIRCUMSTANCES REQUIRED. HEWITT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, TAX LAW, NEGOTIATIONS, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINGST01836
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740133-0817
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740515/aaaaamlf.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: STATE 108377
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by kelleyw0>; APPROVED <19 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BAUXITE SITREP #64: BAUXITE LEGISLATION
TAGS: EMIN, EFIN, JM, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005